

## Key Points

June 2002

## *Environmental Quality Incentives Program*

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- The Environmental Quality Incentives Program (EQIP) is reauthorized in the Farm Security and Rural Investment Act of 2002 (Farm Bill) with authorized funding of \$6.1 billion.
- Program refinements include:
  - Producers can receive payments in the same year the contract is approved.
  - Applications will be evaluated for funding based on a state and locally developed procedure to optimize environmental benefits.
  - The “bid-down” provision (competitive cost-share reduction among program participants) has been eliminated.
  - The minimum length of an EQIP contract has been reduced to 1 year after the implementation of all practices.
  - The maximum length remains the same at 10 years.
  - Although the maximum cost-share rate remains at 75 percent, limited resource producers and beginning farmers and ranchers may be eligible for up to 90 percent cost-share.
  - Livestock operations are eligible to receive cost-share payments for waste storage facilities. EQIP contracts involving confined livestock feeding operations must include the development and implementation of a comprehensive nutrient management plan (CNMP).
  - Conservation Priority Areas are no longer required.
  - Total cost-share and incentive payments have been increased to \$450,000 per individual or entity over the life of the 2002 Farm Bill, regardless of the number of farms or contracts.
- Starting in fiscal year 2003, no individual or entity may receive EQIP payments in any crop year in which the individual or entity’s average adjusted gross income for the preceding three years exceeds \$2.5 million, unless 75 percent of the income is derived from farming, ranching, or forestry interests.
- At least 60 percent of the funds for EQIP shall be targeted to livestock production practices, including grazing.
- Incentive payments are available for developing a CNMP and its component elements.
- Other points include:
  - EQIP uses the local work group process convened by the conservation district.
  - Individuals, Indian Tribes, and other entities engaged in livestock or crop production are eligible to participate
  - Eligible land includes cropland, rangeland, pasture, private non-industrial forest land, and other farm or ranch lands.
  - Producers must be in compliance with highly erodible land and wetland provisions of the 1985 Food Security Act, as amended.
  - EQIP is implemented through an EQIP plan of operations.
  - Producers have the option to receive technical assistance from NRCS or approved third-party providers.

- All work and practices must meet NRCS standards and specifications.
- The 2002 Farm Bill added two aspects to EQIP, Conservation Innovation Grants and Ground and Surface Water Conservation.
- Starting in 2003, competitive Conservation Innovation Grants may be used to leverage federal investment, stimulate innovative approaches, and accelerate technology transfer. These grants cannot exceed 50 percent of the cost of the project.
- Ground and Surface Water Conservation provides cost-share and incentive payments to producers where the assistance will result in a net savings in ground or surface water resources in the agricultural operation of the producer.
- A total of \$50 million has been targeted for the Klamath Basin in California and Oregon to carry out water conservation activities.

### ***For More Information***

If you need more information about EQIP, please contact your local USDA Service Center, listed in the telephone book under U.S. Department of Agriculture, or your local conservation district. Information also is available on the World Wide Web at:  
<http://www.nrcs.usda.gov/programs/farmbill/2002/>



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